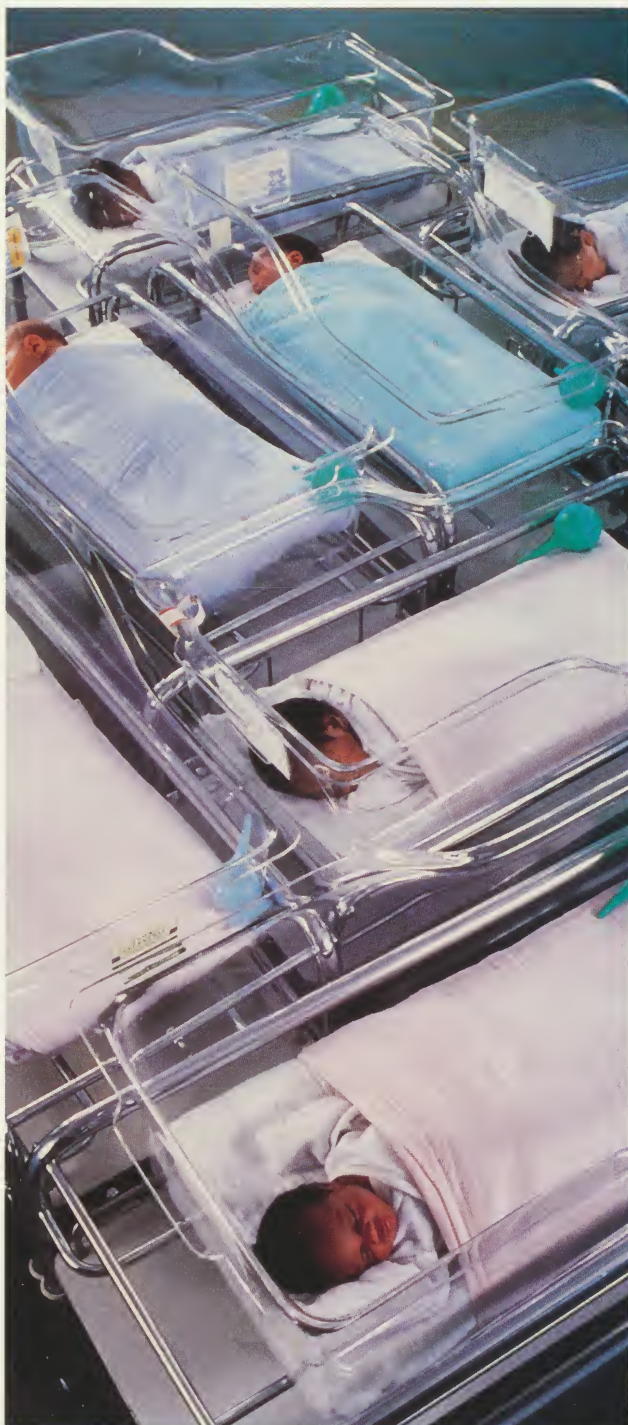




Hollister Incorporated: A World Class vision for the 1990s

Strategic Application System solutions



In 1921, the founder of Chicago-based Hollister Incorporated adopted a rigorous business philosophy: "Only first class is good enough." That philosophy carried John Dickinson Schneider successfully through the Great Depression and into the health care business. Today, Hollister manufactures more than 2,000 specialized medical products for worldwide distribution through operations in seven countries and through distributors and agent relationships in another 84 countries.

For the 1990s, Hollister is renewing its commitment to reach beyond first class. For this decade, only World Class will do. That is the goal set by company president Michael C. Winn, whose vision of World Class for Hollister took seed in the early 1980s, when he first encountered European health care distribution systems.

"The standard for the wholesaler system in Europe is same-day delivery to pharmacies. A customer can request an item in the morning and return to pick it up after lunch," says Winn. "People say it can't be done in America, but I say, 'why not?' This is a vision, not a pipe dream. And it can be done with existing technology."

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"This system can literally take us from the boardroom straight down to the plant floor."

—Michael C. Winn
President



Michael C. Winn

The importance of information

Using technology to put accurate, timely and relevant information in the hands of decision makers at Hollister is an essential element of the company's journey to World Class operations, a designation reserved for organizations that successfully meet the rigorous World Class Performance Standard requirements for manufacturing excellence, quality management and performance. Recently, Hollister celebrated the first milestone in its journey to World Class: attaining "Class A" status in Manufacturing Resource Planning II (MRPII), a ranking earned by only two percent of manufacturing companies.

"With the systems and procedures we put in place under the MRPII program, we have achieved standard, 24-hour service levels in our U.S. manufacturing plants. Our goal for World Class is the capability to provide same-day service: order in by noon, delivery by 5 p.m.," notes Winn. "If you forecast accurately and you make what you forecast, you can move goods right through the factory. The real winner is the customer—no late shipments, no back orders. And in our business, a customer satisfied is a customer kept."

The requirement for decision support

Hollister's MRPII program began with upgrading batch manufacturing systems for inventory control, master scheduling, purchasing and the like to an online manufacturing system on an IBM platform. As part of this migration, Hollister needed a decision-support tool that would allow an experienced group of users in manufacturing to continue to run queries and create their own reports—labor, budgeting and cost-accounting, for example.

Three years ago, finding the right decision-support software seemed like "just another of the thousand things to be done in moving manufacturing to the IBM platform," recalls Information Services Technology (IST) vice president Wayne D. Frankhauser. Today, the tool selected—IBM Application System (AS)—is a strategic technology at Hollister, providing the key to unlocking information held in the company's manufacturing, financial and operations data processing systems.

AS is a high-function, integrated decision-support system for the MVS and VM environments. Designed to give end users flexible and powerful access to company data, AS includes easy-to-use tools that help people

turn data into useful information. Hollister selected AS initially as the "hands-on" system for the manufacturing group. The windows-based design of AS met the company's requirement for an easy-to-use solution that would allow those users to analyze and manipulate data on their own and create reports and graphs. In addition, Hollister chose AS over other decision support offerings because its interface to Structured Query Language/Data System (SQL/DS™) databases fit with Hollister's VM platform and provided greater flexibility than products requiring an application-specific file system.

A strategic solution from IBM

Hollister's IST group designed routines to automatically extract data from the MRPII manufacturing applications, such as master scheduling, inventory control and labor performance, and load it into SQL tables for AS access. Users in operations and finance typically write their own programs and run their own queries against the data using AS tools directly.

"Once we installed AS for the manufacturing group and began to gain some experience with the product, we started to see its potential as an application delivery system," says director of systems development Randy Valentino. "Today, much of our major development activity is done in AS. Three of our core business applications are AS-based—these are large, complex systems that we use to run our business day to day. Plus, we've created numerous smaller AS applications for specific department or shop floor requirements."

With IST resources stretched by the MRPII migration, Hollister called on PSR (Productivity Software Resources, Inc.), an IBM Business Partner for AS specializing in applications for professionals and managers and the education of end users. PSR supplied technical assistance in designing Hollister's first AS-based core business application, the Plant Budget System, which is used to define the company's operations plan. The system integrates actual data from manufacturing, inventory, purchasing, labor performance and general ledger systems with projection figures that plant management teams enter manually, using fill-in-the-blank screens.

"The old budget was a nightmare," comments plant manager John Lechner. "A tremendous amount of effort was required to manually prepare reports for presentation of the budget at various management levels. Any change in the old manual system was devastating. The budget system under AS is integrated and streamlined. Once the plan is projected and the numbers entered into the system, AS automatically fills in pre-designed report formats. It applies logic to calculate labor rates and variable balances, and projects changes quickly whenever an original figure is revised."

This makes it easy for Hollister's management to consider a wide range of "what if" alternatives and to fine-tune projections before settling on the coming year's operations plan, which includes raw material and labor cost, as well as overhead and expenses. Upon completion, the plan is available to other AS systems and the people in operations, accounting and finance who need that information to monitor performance and run day-to-day operations. Manufacturing, for example, draws down data needed for master scheduling and labor planning. In addition, the plan is updated quarterly with actual performance data.

A new approach to application development

Experience with the Plant Budget System demonstrated the advantages of AS over traditional, transaction processing-oriented programming tools, such as CICS and COBOL, for developing end-user applications that call for flexibility and data manipulation.

"We don't do all our development in AS," observes Valentino. "We continue to protect our investment in CICS and IMS for high-volume transaction processing, such as order entry and manufacturing systems. But by delivering decision-support functionality in AS, we enhance such systems." He adds that Hollister now has a specialized development team in IST to handle all AS projects. "It's significantly faster to develop an input screen, a report or chart in AS. That helps us focus on database design. Our approach is to put in all the data elements that a group of users could possibly need, and then give them a core system of queries and reports. If we've structured the data correctly, people can then take advantage of AS to go beyond the core system and get at the information any way they want."

Hollister's Wayne Frankhauser confers with communication/database analyst Lisa Leonhart and Randy Valentino, director of systems development.



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**—Wayne D. Frankhauser
Vice President, Information Services Technology**

That is exactly what is happening with the Sales and Marketing Information System, the second core business system developed in AS. In the past, Frankhauser relates, IST fielded more than 250 ad-hoc information requests a year from the sales and marketing group. IST would modify an old report, perform testing and run data at night, and hope for the best. Even on a rush basis, answering the requests typically took days.

"The marketplace just doesn't give you the luxury of that much time, so we had to find a better way to give these folks answers to their questions," Frankhauser states. Today, business specialists in the Sales and Marketing department handle requests themselves using AS. Working with an online database that combines five years of Hollister sales history with purchased demographic and market research data, they can view infor-

mation by any combination of customer, product and price—and they can do this quickly and easily.

When IST turned the Sales and Marketing Information System over to marketing services manager David Fradin, they provided an extensive set of pre-programmed reports and query modules developed by looking at the history of ad hoc marketing requests. Very quickly, Fradin reports, he and his staff learned to dig out answers to such questions as, "What is the optimum sales call program for 300-bed hospitals?" and "What happens if we change our volume discounts for buying groups?"

More significantly, Fradin can respond to such questions in a timely manner—in the same day, and often the same hour—so that people can make decisions based on information rather than educated guesses. "It all happens within the Marketing Services Department now," Frankhauser comments. "It's been more than a year since I've had a conversation about triple-A rush priorities with the vice president of sales and marketing."

Rifle-shot inquiry

"This is a marvelous accomplishment," says Mike Winn, who frequently takes questions directly to the Marketing Services Department. "I can ask what happened for a particular customer for a particular product over the last six months, and in ten minutes I've got an answer, along with the previous six months for comparison."

Winn calls the query capabilities that AS provides "rifle-shot inquiry," and sees those capabilities playing a significant role in moving Hollister toward the goal of World Class performance. With the latest system introduced in AS—the Sales and Operations Planning (SOP) System—Hollister's management can target rifle-shot inquiries at the very core of the business.

The SOP process itself is a direct outgrowth of the MRPII program and is the essential discipline for achieving accurate forecasting and true plant efficiency, Winn explains. The Sales and Operations Planning System supports the process by consolidating data from the company's order entry, forecasting and manufacturing systems. Standard monthly reports provide a snapshot summary of the business as a whole.

Prior to moving the SOP System to an AS platform, only the summary information was readily available to management. Worksheets were laboriously constructed by hand from data that was manually extracted and loaded into a PC. Today's SOP System automates the monthly process of extracting data, transferring it to SQL tables and updating the SOP worksheets developed in AS. More significantly, the AS system provides ready access to the detailed information behind the summary information, down to the stock-keeping unit.

"If we spot a problem at the summary level, we can find out where it's coming from—what product area, which particular product, which manufacturing plant, even which series," says Winn. "The system can literally take us from the boardroom straight down to the plant floor."

Because the process is standardized across the company, people from every department responsible for planning and monitoring the business can get at relevant data quickly and efficiently. Even more important

is the accuracy of that data. By using IBM Application System to provide IST-managed databases and IST-managed solutions for end-user computing, Hollister today can have confidence in what Frankhauser calls "the truth in the number."

In partnership with you

With advanced software and hardware and a comprehensive range of consulting and other service offerings, IBM can support the most strategic goals of today's manufacturing companies. Working with skilled IBM personnel and IBM Business Partners, your company can create a range of decision-support solutions using IBM Application System.

To find out how IBM Application System can help your organization secure its position in the marketplace, both today and in the years to come, contact your local IBM marketing representative.



Marketing services manager Dave Fradin reviews a company report with marketing services analyst Debra Lo.

IBM Application System has provided the key to unlocking information held in the company's manufacturing, financial and operations data processing systems.



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